

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 97-793

August 25, 1998

SEARSPORT WATER DISTRICT
Proposed Increase in Rates

ORDER ON RECONSIDERATION

WELCH, Chairman; NUGENT, Commissioner

I. SUMMARY

Upon reconsideration, we clarify our previous order in this case to ensure that the entire Searsport Water District (District) revenue deficiency remaining after application of the buy-out proceeds is split proportionately between metered customers and the public fire protection charge for the Town of Searsport.

II. PROCEDURAL HISTORY

The Commission deliberated this matter on July 17, 1998. As permitted under Section 1003 of our Rules of Practice and Procedure, the subsequent order was issued in two parts. On July 20, 1998, the Commission issued a short order (Part 1), followed by a Final Order (Part 2) on July 23, 1998.

The District subsequently filed compliance tariffs with the Commission. When counsel for General Alum & Chemical Corporation questioned the compliance of the tariffs with our orders, our staff reviewed the orders and found that certain language was ambiguous and that confusion may have existed regarding the Commission's decision reached at the July 17th deliberations. Thereafter, the Commission reopened the case for reconsideration and redeliberated the case on August 24, 1998.

III. DISCUSSION

The Final Order, dated July 23, 1998, failed to accurately and clearly reflect the decisions made at the Commission's deliberations of July 17, 1998, with regard to customer responsibility to make up the District's revenue deficiency. This deficiency springs from two sources: (1) the loss of revenue from the Town of Stockton Springs due to its decision not to continue as a public fire protection customer of the District; and (2) the loss of revenue due to reduced consumption. The Order describes two separate and contradictory methods of recovering this revenue deficiency.

First, ordering paragraphs 3 and 4 appear to indicate that the following approach should be employed by the District. The District would first determine the amount of revenue due to the loss of the Town of Stockton Springs as a public fire protection customer. From this amount, the District would subtract the contribution from the buy-out proceeds, resulting in a net revenue deficiency due to lost public fire protection revenue. This net deficiency would then be split between the Town of Searsport's public fire protection charge (22.64%) and the metered customers (77.36%). In addition, an across-the-board increase to metered customers would be implemented to recover the additional revenue deficiency caused by reduced consumption. This is the approach that the District apparently used in developing its proposed tariffs.

The Order also supports a contrary reading, however. The body of the Order¹ appears to describe a different method. Under this method, the District's total revenue deficiency is first computed by adding the lost revenue due to the loss of Stockton Springs and the revenue lost due to reduced consumption. The buy-out proceeds' contribution is then subtracted from this amount, leaving a total net revenue deficiency. This total deficiency is then split between the Town of Searsport's public fire protection charge (22.64%) and the metered customers (77.36%).

It is plain that although isolated portions of the Order may be clear, the language of the Order in total is ambiguous. For this reason, it is necessary for the Commission to clarify its intent in this Order. The Commission intended for its July 23rd Order to reflect the latter calculation described above. In short, although the language of the ordering paragraphs may be clear, it does not reflect the Commission's determinations made on July 17, 1998. The Commission intended that a total revenue deficiency be determined for the District and then split proportionately between the metered customers and the public fire protection charge for the Town of Searsport.

IV. CONCLUSION

Accordingly, we

O R D E R

1. That the Searsport Water District's annual revenue requirement is \$536,962.00;

¹e.g., Order at 7, "[i]t is not unreasonable to expect all remaining customers to bear their proportionate share of the District's present revenue deficiency" (emphasis in original).

2. That the Searsport Water District shall develop a plan to use the proceeds and interest income from the Stockton Springs fire protection buy-out in gradually reduced amounts over a 12-year period;

3. That the Searsport Water District shall increase rates to all its customers to recover any revenue deficiency (remaining after application of the buy-out proceeds and interest income) in the same proportions as those customers contributed to the District's revenues before the buy-out occurred. Accordingly, the Town of Searsport's public fire protection charge shall be \$109,020 plus 22.64% of any revenue deficiency remaining after application of buy-out proceeds and interest income. The remaining deficiency shall be recovered from an across-the-board rate increase to metered customers;

4. That the Searsport Water District's proposals to adopt a 600 cubic foot minimum allowance and eliminate its declining block rate structure are not approved;

5. That the Searsport Water District shall implement an aggressive leak detection program and file reports on that program with the Commission until the unaccounted-for water rate is reduced to below 15%; and

6. That the Searsport Water District shall file amended rates in compliance with this Order and those rates shall be effective retroactive to August 1, 1998.

Dated at Augusta, Maine this 25th day of August, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

Commissioners Voting For: Welch
Nugent

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note:The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.